

KEEGAN, WERLIN & PABIAN, LLP

ATTORNEYS AT LAW

211 CUSTOM HOUSE STREET

BOSTON, MASSACHUSETTS 02111 0-3525

(617) 951-1400

TELECOPIERS:

(617) 951-1354

(617) 951-0586

April 16, 2003

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station, 2nd Floor
Boston, Massachusetts 02110

Re: D.T.E. 00-70 — Standard Offer Service Fuel Adjustment – Boston Edison
Company, Cambridge Electric Light Company, Commonwealth Electric
Company

Dear Secretary Cottrell:

Enclosed for filing in the above-referenced matter is the responses of NSTAR
Electric to the Information Requests set forth on the accompanying list.

Thank you for your attention to this matter.

Sincerely,



Robert N. Werlin

Enclosures

cc: Jeanne Voveris, Senior Counsel
Ronald LeComte, Director, Electric Power Division
Kevin Brannelly, Director, Rates and Revenue Requirements Division
Sean Hanley, Assistant Director
Barry Perhnutter, Analyst
Paul Afonso, General Counsel
Joseph Rogers, Assistant Attorney General
Amy Rabinowitz, Esq., National Grid
Scott J. Mueller, Esq.

Responses to Information Requests

Information Request DTE-1-1
Information Request DTE-1-2
Information Request DTE-1-3
Information Request DTE-1-4
Information Request DTE-1-5

April 16, 2003

Information Request DTE-1-1

For each of the NSTAR electric companies, please provide: (a) the number of customers currently taking service under a low-income rate, (b) the number of customers that are on a low-income rate who receive generation from a competitive supplier, and (c) the monthly forecasted load for the period May 2003 through September 2003 for the low-income customers projected to receive generation service from NSTAR.

Response

Please Attachment DTE-1-1.

NSTAR Electric

Low Income Customer Analysis

<u>Boston Edison Company</u>	<u>Customers</u>	<u>Kwh</u> <u>May</u>	<u>Kwh</u> <u>June</u>	<u>Kwh</u> <u>July</u>	<u>Kwh</u> <u>August</u>	<u>Kwh</u> <u>September</u>
<u>Standard Offer</u>						
Rate R-2 Regular	30,717	11,027,403	11,058,120	14,897,745	15,911,406	14,959,179
Rate R-2 Heating	2,071	1,491,120	1,120,411	1,246,742	1,271,594	1,141,121
Total	32,788	12,518,523	12,178,531	16,144,487	17,183,000	16,100,300
<u>Alternate Supplier</u>						
Rate R-2 Regular	1,271	484,251	489,335	594,828	635,500	603,725
Rate R-2 Heating	108	50,652	34,020	51,948	54,756	44,928
Total	1,379	534,903	523,355	646,776	690,256	648,653

<u>Cambridge Electric Light Company</u>	<u>Customers</u>	<u>Kwh</u> <u>May</u>	<u>Kwh</u> <u>June</u>	<u>Kwh</u> <u>July</u>	<u>Kwh</u> <u>August</u>	<u>Kwh</u> <u>September</u>
<u>Standard Offer</u>						
Rate R-2 Regular	1,674	507,222	495,504	694,710	773,388	706,428
Rate R-4 Heating	71	35,926	24,708	29,607	34,932	22,223
Total	1,745	543,148	520,212	724,317	808,320	728,651
<u>Alternate Supplier</u>						
Rate R-2 Regular	67	23,316	21,574	30,083	32,160	30,753
Rate R-4 Heating	-	-	-	-	-	-
Total	67	23,316	21,574	30,083	32,160	30,753

<u>Commonwealth Electric Company</u>	<u>Customers</u>	<u>Kwh</u> <u>May</u>	<u>Kwh</u> <u>June</u>	<u>Kwh</u> <u>July</u>	<u>Kwh</u> <u>August</u>	<u>Kwh</u> <u>September</u>
<u>Standard Offer</u>						
Rate R-2 Annual	18,623	6,704,280	7,020,871	8,994,909	9,646,714	9,162,516
Rate R-2 Seasonal	115	30,475	37,375	53,015	56,580	53,015
Rate R-4 Heating	1,880	1,505,880	1,214,480	1,233,280	1,186,280	1,165,600
Total	20,618	8,240,635	8,272,726	10,281,204	10,889,574	10,381,131
<u>Alternate Supplier</u>						
Rate R-2 Annual	466	208,768	226,010	279,600	265,620	270,280
Rate R-2 Seasonal	6	2,688	2,400	3,606	3,234	2,976
Rate R-4 Heating	20	77,060	15,240	13,400	13,840	12,980
Total	492	288,516	243,650	296,606	282,694	286,236

Information Request DTE-1-2

Under NSTAR's proposal to keep the low income customers on standard offer service but charge them the lower default service rate, please explain how NSTAR proposes to treat the generation-related costs and revenues from the low-income customers in the reconciliation of standard offer service and default service.

Response

In the NSTAR proposal, the low-income customers presently on Standard Offer Service will continue to be categorized as Standard Offer customers, however, their combined Standard Offer Rate is capped at the Default Service Rate applicable to the customer class. Because these customers continue to be Standard Offer customers, both their generation-related costs and the revenues will be reflected in the Standard Offer reconciliation.

Information Request DTE-1-3

Please provide the date that NSTAR projects it will issue a request for proposals ("RFP") to suppliers to serve its default service load commencing July 1, 2003. What date does NSTAR project the results of the solicitation will be known and when does NSTAR project it will file the results with the Department?

Response

The Company issued its requests for proposals for its July 1 default load on April 4, 2003 with bids due by April 21, 2003. We anticipate signing a contract no later than May 23rd, which is the required Department filing date for a July 1 implementation.

Information Request DTE-1-4

In its April 3, 2003 SOSFA filing, NSTAR asserts that its proposed tariff language will “minimize customer confusion and avoid undo complications with regard to wholesale suppliers and ISO reporting requirements” (Filing at 2, n,1). Please discuss in detail how switching low-income customers from standard offer service to default service and then two months later possibly switch them back to standard offer service will (a) minimize confusion to low income customers, and (b) avoid complications for suppliers that serve either standard offer service load or default service load.

Response

- a) Because both Standard Offer Service and Default Service generation are procured by NSTAR on behalf of its customers, customers often are not aware of the differences in the services or the implications for them. In fact, the two types of generation services provided by distribution companies is a statutory and regulatory mandate, that from a customer perspective, has no immediate impact other than the price being charged. However, if the Company were to provide notice to a large group of residential customers that they were being involuntarily changed from Standard Offer Service to Default Service, there would almost certainly be confusion about many issues. For example, customers would be justifiably confused about the possible difference between being a Standard Offer Service customer and a Default Service customer. They would likely be confused about why their service was being changed without their affirmative choice to do so. They would have questions about whether the quality of the services is different and how it would affect them. There would also be confusion about “who” is the supplier of the two “different” services. Then, to make matters worse, it is possible that in a short period of time, they would be returned to Standard Offer Service. This would raise many of the same questions, but add and new and confusing element about why the regulatory process can’t “make up its mind” as to what type of service they should be offered. The NSTAR proposal avoids this customer confusion, while providing all of the rate benefits to which these low-income customers are entitled.
- b) NSTAR informs wholesale suppliers of aggregate changes in customer load and customer counts prior to any customer(s) commencing or ceasing to take service, hence allowing wholesale suppliers at their discretion to adjust their

Boston Edison Company
Cambridge Electric Light Company
Commonwealth Electric Company

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Department of Telecommunications and Energy

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Person Responsible: Rose Ann Pelletier

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supply portfolios based on expected changes. Under the NSTAR proposal the low-income customer continues to be a Standard Offer customer. Because low-income customers remain on Standard Offer Service, the wholesale suppliers do not experience variations due to implementation of the Standard Offer Fuel Adjustment.

Information Request DTE-1-5

Please quantify to the extent possible any costs that NSTAR may incur as a result of switching low-income customers from standard offer service to default service and then two months later switching them back to standard offer service.

Response

NSTAR could develop and implement a computer program to switch low-income customers between Standard Offer Service and Default Service. The cost of developing this computer program would be approximately \$10,000.

It is important to note that the computer program referred to above would not reflect the change as of May 1 because of the system's pro-ration procedures. Instead, the effective date of the switch would be the next scheduled meter-read date. For example, if the price change was made on May 1, the customers' bills would not reflect this lower price until the billing period starting with their next read.

The reason that this type of switch in supplier category will not pro-rate the customer's bill is that the NSTAR billing system is set up in accordance with Massachusetts Competitive Supply EBT rules. These rules require that supplier switches to be made as of a meter reading date. Changes to the billing system to pro-rate billing within a supplier change could not possibly be done by May 1st, would cost about \$10,000 to scope, and would likely cost several hundreds of thousand dollars to accomplish.

It is important to note that NSTAR's proposed handling of low-income customers (i.e., leaving these customers on Standard Offer Service with a pricing cap at the lower of Standard Offer Service or NSTAR's Default Service price) does allow for pro-ration of billing.

In addition to the costs of programming, NSTAR would incur costs associated with customer inquiries. As stated in its filing letter, NSTAR believes that low-income customers who are involuntarily switched between Standard Offer Service and default service, will likely be confused when they see these switches on their bills. See Response to Information Request DTE-1-4. Based on an estimate that 20 percent of low-income customers will contact NSTAR's call center, NSTAR will incur costs of approximately \$30,000 to answer customer inquiries.